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i.e. 4-16-88 February 20 Meeting

SUBJECT:

: /XXX STATE 024453;/XXX STATE 025648 REF In his twenty-minute opening statement, LEI Yang

focussed on only two subjects: primacy of Taiwan issue and Chinese interest in higher level meeting. He started by welcoming US comments at January 20 meeting on US wish to improve Sino-US relations, relax tensions, and resolve differences and said PRC had always stood for conducting relations between states with different social systems on basis of principles of peaceful coexistence and for the peaceful settlement through negotiations of in 1955 had said the Chinese Sino-US differences. He said that the Chinese/people wished friendly relations with the American people and did not want war with the US. PRC was willing enter into negotiations now to discuss relaxation of tensions,

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in Far East and ospocially in the Taiwan area.

- 2. Lei expressed satisfaction that at January 20 meeting US did not evade Taiwan issue and dealt with question of agreement on Five Principles and Taiwan in detail. At same time, he said, US had raised other questions in way which confused the primary Taiwan issue with secondary matters. Taiwan and the directly related matter of Five Principles must be settled first. Only when this done could fundamental improvement in Sino-US relations be achieved and other matters discussed. He then noted, without elaboration, that the PRC was aware that the settlement of the Taiwan issue required that an effort be made to create appropriate conditions for its resolution.

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- 4. Lei said that all this showed that more thorough exploration of this question was indeed necessary. There were, however, "certain difficulties" in undertaking this exploration through the ambassadorial talks. Lei noted that both sides appeared to have foreseen this situation when they separately suggested at the January 20 meeting that higher level talks were possible. If the US wished to send a representative of ministerial rank or a special Presidential www envoy to Peking for further exploration of the fundamental principles of relations between the US and PRC, the Chinese would be prepared to receive him. Lei again emphasized that fundamental principle revolved around Taiwan. Once this question was settled, resolution of other issues would not be difficult. For example, the practice in the past of allowing "US criminals in China" to exchange letters and packages, and receive visits by family members could be continued in future.
- 5. After I made prepared statement preview provided ref (A) (B) (as amended by ref/XXX), Lei responded that he had nothing to add on Taiwan question, would report US position to Peking, and was not prepared to make further comment on trade, prisoners, or other issues.
- 6. I then observed that while we would welcome continuation of past Chinese practice on letters, packages, and visits for prisoners on mainland, this did not represent any forward movement. I noted FECTRAU and DUNN cases (ref E). I I then

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asked for the further clarification of PRC proposal on higher-level meeting, specifically asking whether Chinese envisaged this as substitute for ambassadorial meetings, whether arrangements for such a possible meeting would be made through ambassadorial discussions here, and whether Chinese were thinking in terms of publicized meeting or one held in secret.

- 7. Lei said he would report my comments on prisoners to Peking as well as questions on higher-level meeting. He said he was not prepared at present time to say any more.
- 8. As experiment, I asked Lei if he would like to join me in my office for informal tea and sandwiches. He declined at this time on grounds of appointment elsewhere but said Embassy liaison personnel might discuss arrangements for similar informal encounter at some future time.
- 9. Comment: Chinese statement was even blander and less polemical than at January 20 meeting. No accusations were made of US military involvement on Taiwan, drone incident was avoided, and past history of Sino-US relations was not rehearsed again (I consequently omitted portion of first para of Dept guidance (ref A) dealing with past history). At same time, Chinese gave little away and avoided any hints or signal on bilateral issues we have raised. Lei Yang's comment, almost a "throw away", that Peking recognized need to create conditions for resolution of Taiwan question

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extremely interesting if, as I suspect, it was intended as may be hint that the Chinese/marker prepared to consider some compromise solution on Taiwan or to make some gesture or substantive move on other issues. At same time, in focusing explicitly on a three key aspects of Taiwan issue (para 3 (a) - (c) above), Lei gave no hint of any concession or shift in Chinese posture.

- 10. As I gather Department anticipated, Chinese appear anxious have higher-level meeting and are setting their target high in aiming at "Ministerial" or "Presidential envoy" level. I did not press Lei as to what precisely were ********************** "certain difficulties" which made such a meeting more appropriate for discussion of Sino-US relations than lower-level talks. Sensitivity in Peking of talks with US gives Chinese representative little if any leeway in give and take at our ambassadorial meetings. Meeting in Peking would make possible continuing internal "factional" discussions on Chinese side, provide the Chinese with invaluable counterpoint to their simultaneous negotiations with the Soviets, and have obvious effects on the GRC. suspect it is less a question of "certain difficulties" for Peking than of "considerable advantages".
- 11. At the the same time I suspect the Chinese are going to be very reluctant to back away from such a high-level meeting and that we may be hard pressed to persuade them to

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return here in Vareaw to substantive discussion of hint of future flexibility they provided in today's meeting. Chinese are obviously prepared to meet again here to discuss the higher-level meeting itself but I suspect not much else. Question will be whether they want it enough to be willing to put something down "on account" beforehand.

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